

A. H. BELO CORPORATION

Jim Moroney
Executive Vice President

May 22, 2012

By Electronic Filing

Secretary
Postal Regulatory Commission
Washington, D.C.

Re: Docket No. MC2012-14; Docket No. R2012-8

Dear Secretary:

We write to comment on the Postal Service's proposed Negotiated Service Agreement ("NSA") with Valassis.

Our company, A. H. Belo Corporation, owns four daily newspapers: *The Dallas Morning News*, Texas' leading newspaper; *The Providence Journal*, the oldest continuously-published daily newspaper in the United States; *The Press-Enterprise* (Riverside, California); and, the *Denton Record-Chronicle* (Denton, Texas). The newspapers' combined Sunday print circulation was over 570,000 for the period ended March 31, 2012. The newspapers have won a total of 14 Pulitzer Prizes.

We understand that the proposed NSA would provide Valassis with a discount of up to 36 percent for "new" advertising mail pieces for national advertisers' durable and semi-durable goods. We also understand that the Postal Service is authorized to offer discounts of this magnitude only if such discounts do not cause unreasonable harm in the marketplace.

Unreasonable Marketplace Harm

The NSA would cause unreasonable harm in the marketplace. We believe an assertion to the contrary would be based on an improper analysis.

The durable and semi-durable goods categories represent a significant share of our advertising revenue. A shift in that revenue to a national advertising mail competitor, based on an agreement apparently intended specifically to reduce American newspapers' national advertising business or having that effect, would have "ripple effects" with our local advertisers, who prefer to publish their advertising in conjunction with that of national retailers. In addition, a significant amount of our single copy sales – especially on Sunday – are to consumers who purchase the newspaper in part because of the advertising inserts.

The revenue reduction associated with the proposed NSA likely would be substantial. The reduction also would have an adverse effect on our ability to provide the high quality, community-serving editorial content for which our newspapers are well-recognized.

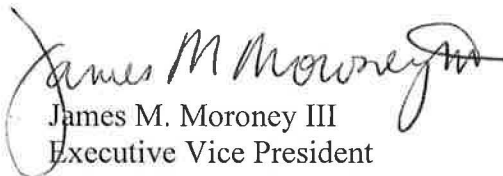
For these reasons, we urge the Commission to reject the proposed NSA. In the alternative, we urge the Commission to at the very least fully examine, with correct analysis, the proposed NSA's unreasonable harmful effects on the marketplace.

Postal Service Finances

Equally if not more important than the proposed NSA's unreasonable marketplace harm is its net overall financial effect on the Postal Service itself. While we support the Postal Service's efforts to improve its finances, we have seen no data from the Postal Service to support the conclusion that the NSA would further those efforts. It is foreseeable that American newspapers would respond to the NSA by no longer distributing as many Total Market Coverage products via the Postal Service. Instead, to stay competitively priced those products would be forced into lower-cost alternative delivery methods. We believe the Postal Service will likely over time lose more revenue than it gains by the NSA.

We respectfully urge the Commission to reject the proposed NSA.

Sincerely,

A handwritten signature in dark ink, appearing to read "James M. Moroney III". The signature is fluid and cursive, with a large initial "J" and a stylized "M".

James M. Moroney III
Executive Vice President
and Publisher and Chief Executive Officer,
The Dallas Morning News